PX 340

Receivers Product Story: H2 2020

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Introduction

Essense of receivers

Macro trends for lower payment values continue to support Ripple's vision for the Internet of Value (IoV), where payments flow as easy as data does today. Meaning very quick and very cost-effective.

The realisation of this IoV requires Ripple to have an expansive network supporting the most advanced methods in payments, this includes very high straight-through processing rates to remove the costs of manual interventions whilst also removing the cost of funding payments without increasing settlement risk. To achieve this Ripple is building a network that has:

1) **Reach / Coverage** - The ability to fulfil payments where remittances and SME payments have strong demand, providing rich fidelity across all payment system types inc. bank accounts, wallets, exchanges and cash.

2) **Optimized Liquidity** - Providing receivers with a portfolio of cost-effective and real-time liquidity solutions to sell, supporting fast and seamless payments whilst adequately managing settlement risk and business model.

3) **Product Performance (Quality)** - A high level of integrity with very low error rates, minimal customer interaction and fault-tolerant, high level of automation end-to-end including troubleshooting and reconciliation.

4) **Reduce Scaling Friction** - Driving ease of peering senders and receivers through (1) best-in-market pricing and (2) seamless implementation thereby facilitating growth/scale of the network by optimising the sender/receive interface for integration, connectivity, maintenance and operational management.

To build a network with these characteristics requires that Ripple's products are combined with hand-selected high-value customers, Strategic Clearing and Payout Partners. These Receiver partnerships require an enhanced level of interaction, ensuring that receivers have a deep-rooted knowledge of implementing and operating RippleNet with well-defined standards, specification and payment rules.

This union, combined with well-selected target go-to-market locations, solves the two-sided market riddle, otherwise referred to as the matchmaking problem. Resolving this chicken and egg situation is imperative, growing value to the network is through payout points (receivers), in turn this increased utility then attracts users (senders). These receivers become a selling point to the network, having them in the correct location, with the correct quality at the correct price point will drive network growth.

Vision for receivers

Providing receivers with a seamless Ripple experience, managing their lifecycle from product discovery through to scaling a business with Ripple should be a deepening relationship. Turning receiver pain point into product attributes is key. Receivers should feel a strong and reliable

partnership with Ripple, having trust in our strategy, our product and our people. Connecting the client feedback loop and our product roadmap will help strengthen these partnerships.

Developing credibility is key for Ripple's success therefore we must ensure we fully pilot new features with selected clients on select routes so as not to damage our reputation or hard-won goodwill.

Customer and Product Leadership Communication

Maintaining a rapid test and learn cycle requires Product synthesising market intelligence from across all continents, driving best straight through processing with a forensic commercial understanding of receivers. Ensuring quick and clear sharing of market and product thought leadership is a key product leadership challenge. Communicating latest thinking whilst ensuring a high quality consistent message across stakeholders will be done by curating comprehensive product collateral as shown in the diagram below.
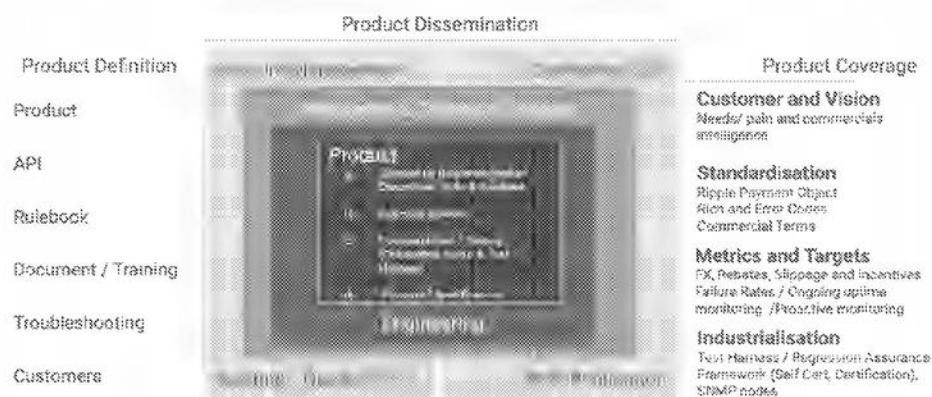
Goals / OKRs

Given how important receivers are to our product offering in attracting senders and building volume/utility of RippleNet and XRP, it is important to establish success criteria around signing and onboarding the right receivers for Ripple and its customers. As such, we aligned on the following goals specific to strategic clearing and payout partners (SCPs /PPs)

1. **# of receivers (SCPs / PPs) Live:** The more high-value receivers we have live, the more valuable our network is to senders and the easier it will be for us to sell RippleNet.
2. **(1H only) # of receivers Implementing SCP/PP Terms:** In order to provide the most optimal experience for our senders, we must maintain a certain level of quality with our receivers which have manifested in our requirements of SCPs and PPs.

3. **# of Transactions:** Aggregate transactions sent through strategic clearing and payout partners (SCPs / PPs)
4. **(NEW) Failure Rate % for PPs / SCPs:** What percent of payments are failed due to issues with the receiver - i.e. middleware issues, API downtime, KYC screening false positives.

There are also a number of metrics that the product and data team are either charting out a path or just beginning to track to better assess the quality of the payment journey through RippleNet. Key metrics include:
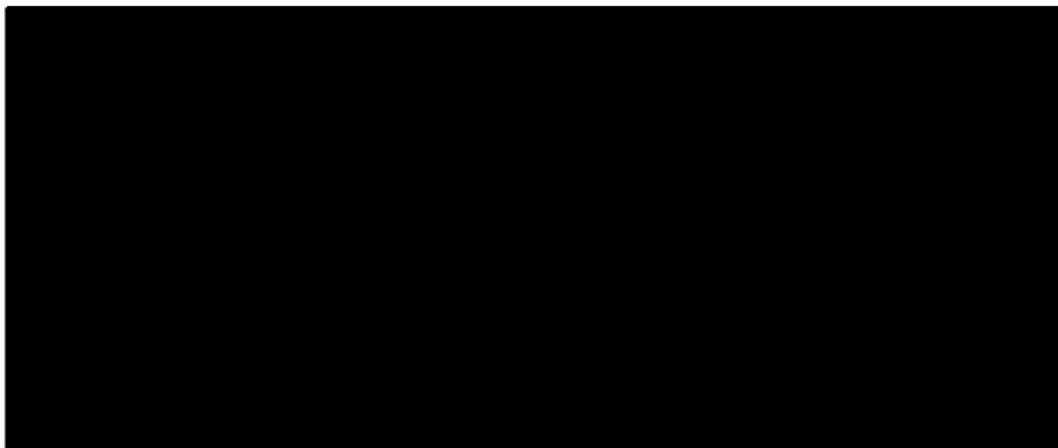
- # of transactions sent through a receiver
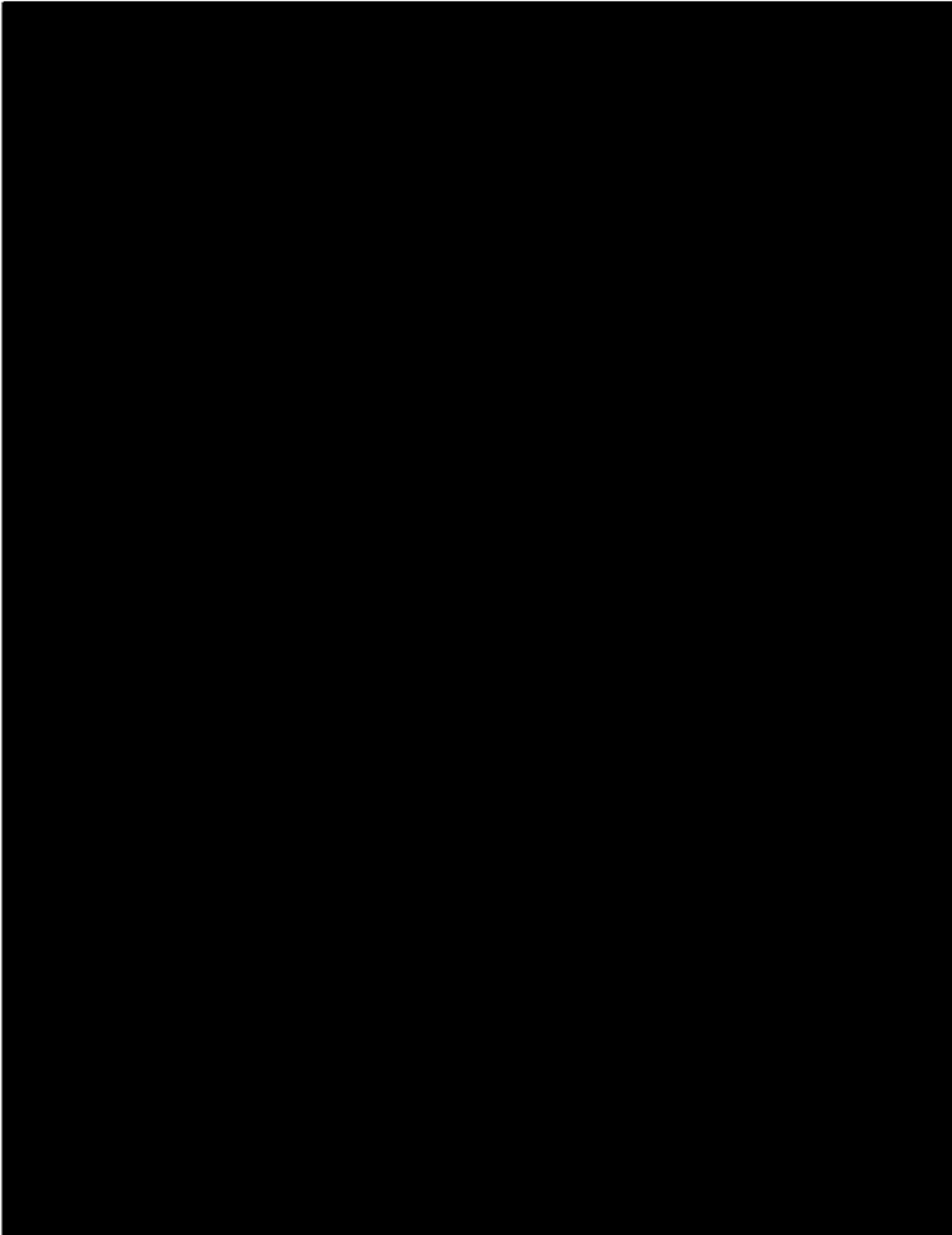- % of failed payments
- API uptime
- API response time

An exhaustive, prioritized set of metrics we aim to track over time can be found here. As we have visibility into these metrics, we'll establish a baseline and set / track goals on improving upon current performance.
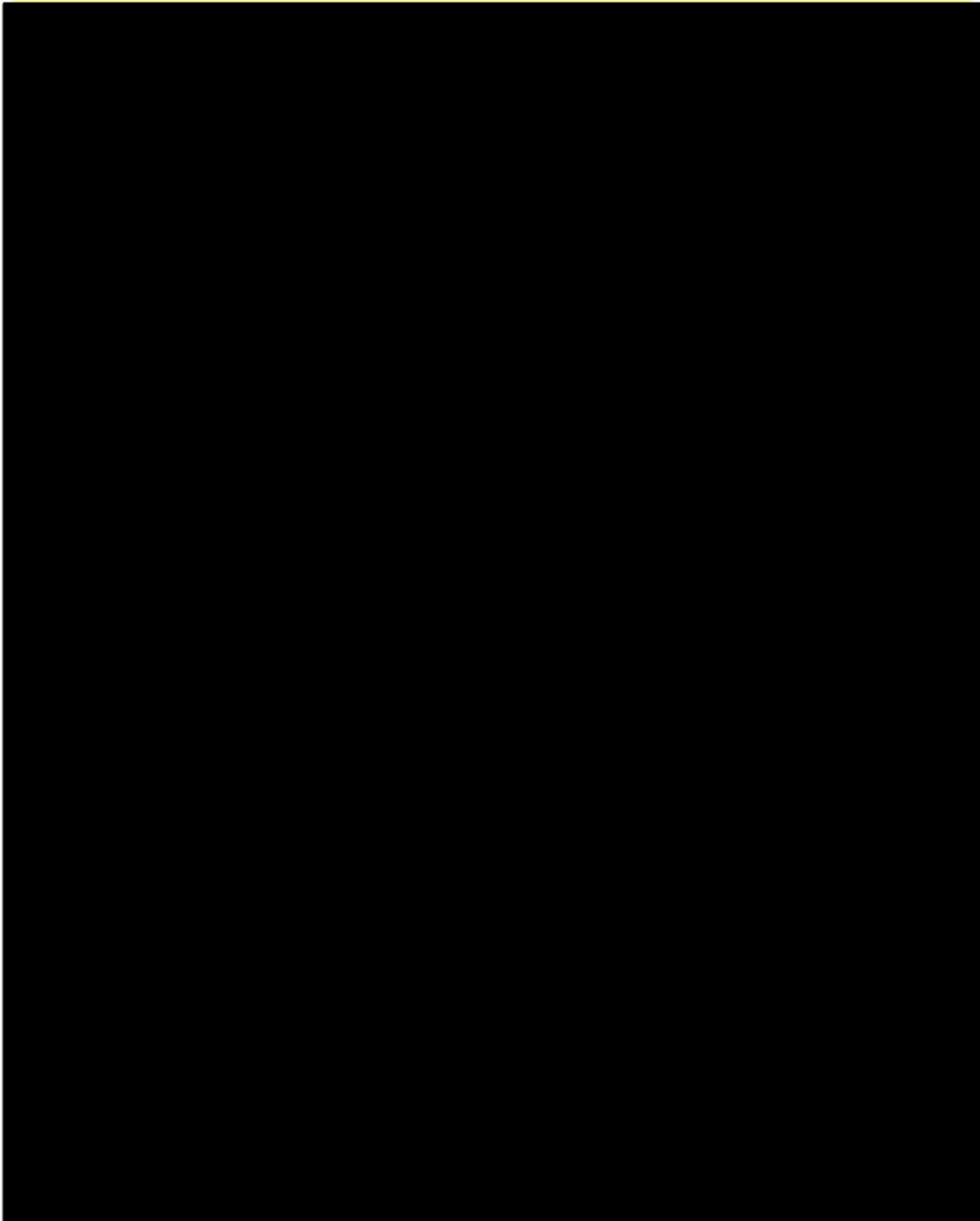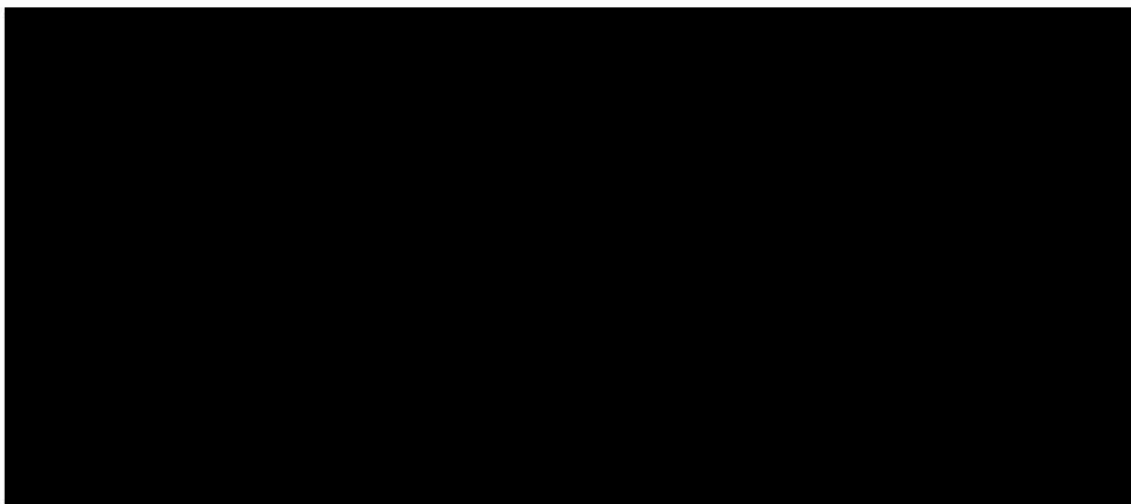
Existing SCP & Payout Partners
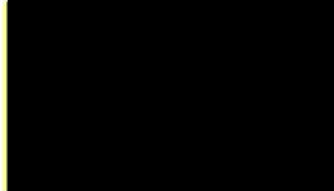

Select Partner Views

H1 2020 Lookback

The first half was paramount for our receiver strategy as it saw the formation of an official receiver team. We were able to successfully craft a strategy - resulting in a trimmed down list of priorities and target markets. We also collaborated to create criteria and materials to aid in the vetting of partners and building out of our receiver network. We onboarded key receivers and enabled key pieces of functionality. We used our learnings to envision ways of more seamlessly onboarding and monitoring receivers to ensure the best experience for all parties involved with RippleNet.

The first half also presented its share of challenges. Certain features were unable to launch successfully due to shifting client priorities and difficulty building sender demand. Additionally, the COVID-19 pandemic impacted cross-border remittances which in turn impacted our current and prospective clients. This translated into operational challenges in expanding our geographic and product footprint. There were also a number of quality issues that ultimately damaged relationships with senders and hampered our ability to scale up connections and volume.

H1 Status
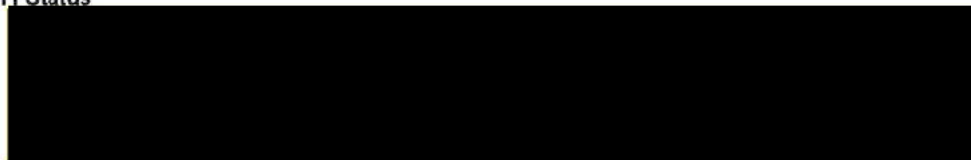
Successes

1. **Defining receiver strategy & priorities**
   The team has refined Receiver 2020 product strategy and focus. This resulted in a significantly more focused receiver market roadmap to ensure cross-functional team's

laser focus and execution on a smaller subset of markets. Additionally, the team defined 3 receiver categories (receivers, Payout Partners and Strategic Clearing Partners), their characteristics, and contract terms to ensure uniform understanding across the company and standardized deal structures.

2. **Payout Partner and Strategic Clearing Partner Standard Terms**
   Higher value strategic receivers set the tone of the network, ensuring we deploy all Ripple features with a high service level is the main driver with the standard terms we currently have in place. These include uptime, mandating all main features such as pre-validation, confirmation of credit, error codes fx and fees.
   a. SCP Agreement Template
   b. PP Agreement Template

3. Quality / Assurance Testing
   Given the increased importance of payout partners, strategic / multiple currency clearing partners to RippleNet's growth, it is necessary that we can prove partners are operating as per their contracts terms. The quality test is designed to give Ripple this assurance. The quality test is a series of tests documented in Ripple's test library, executed through the test harness that proves the receiving partner is ready to go live. This test performed by solution architecture will validate the approved design that was signed off earlier in the integration phase.

4. **MGI CAAS signed partnership & start of implementation**
   Ripple signed an MGI CaaS payout agreement to add 350,000 MoneyGram cash locations across 200 countries and territories to RippleNet. This significantly expands RippleNet receive reach. The first sender connecting into MGI CaaS is Nium, and in April MGI successfully completed a test transaction.

5. **New currencies and foundation for growth (to be moved to ▮▮▮▮ in H2)**
   ODL added two new currencies in Q2 - THB & JPY. Additionally, signing Coinbase exchange provides a foundation to enable USD, EUR, and GBP receive markets via reliable and cost-efficient liquidity partner, while signing PDAX and Independent Reserve delivers exchange redundancy in the Philippines, and Australia.

6. **Laying groundwork for MCP model**
   The team defined, agreed to, and validated a multi-market receiver approach (Multi Currency Clearing Partner or MCP) that will allow us to enable and scale ODL receiving markets faster. While ▮▮▮ is signed as the first multi-currency ODL receiver, conversations are progressing with two other prospects. Through close collaboration with PMM team, we identified India, Indonesia, Turkey and UK as priority ODL markets to enable via a multi-currency payout approach.

7. **Defining receiver metrics**
   Receivers are paramount to the health and success of RippleNet and it is important that

Ripple closely vets and monitors any payout partner / Strategic Clearing partner that joins the network. As such, the product and data teams collaborated on an exhaustive set of metrics to:

a. Goal against / feed into OKR tracking
b. Ensure that PPs/SCPs are in compliance with contractual terms
c. Continue to refine and optimize our own technical capabilities and those of our PPs/SCPs

Misses
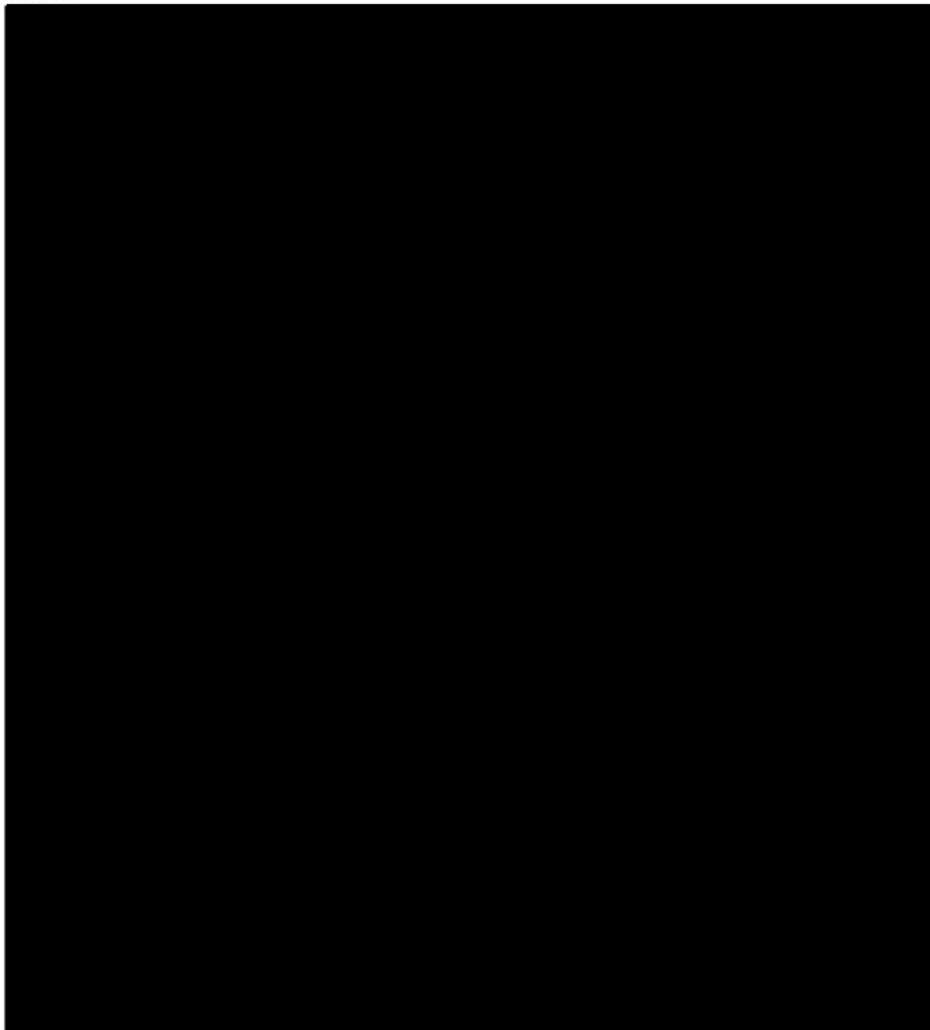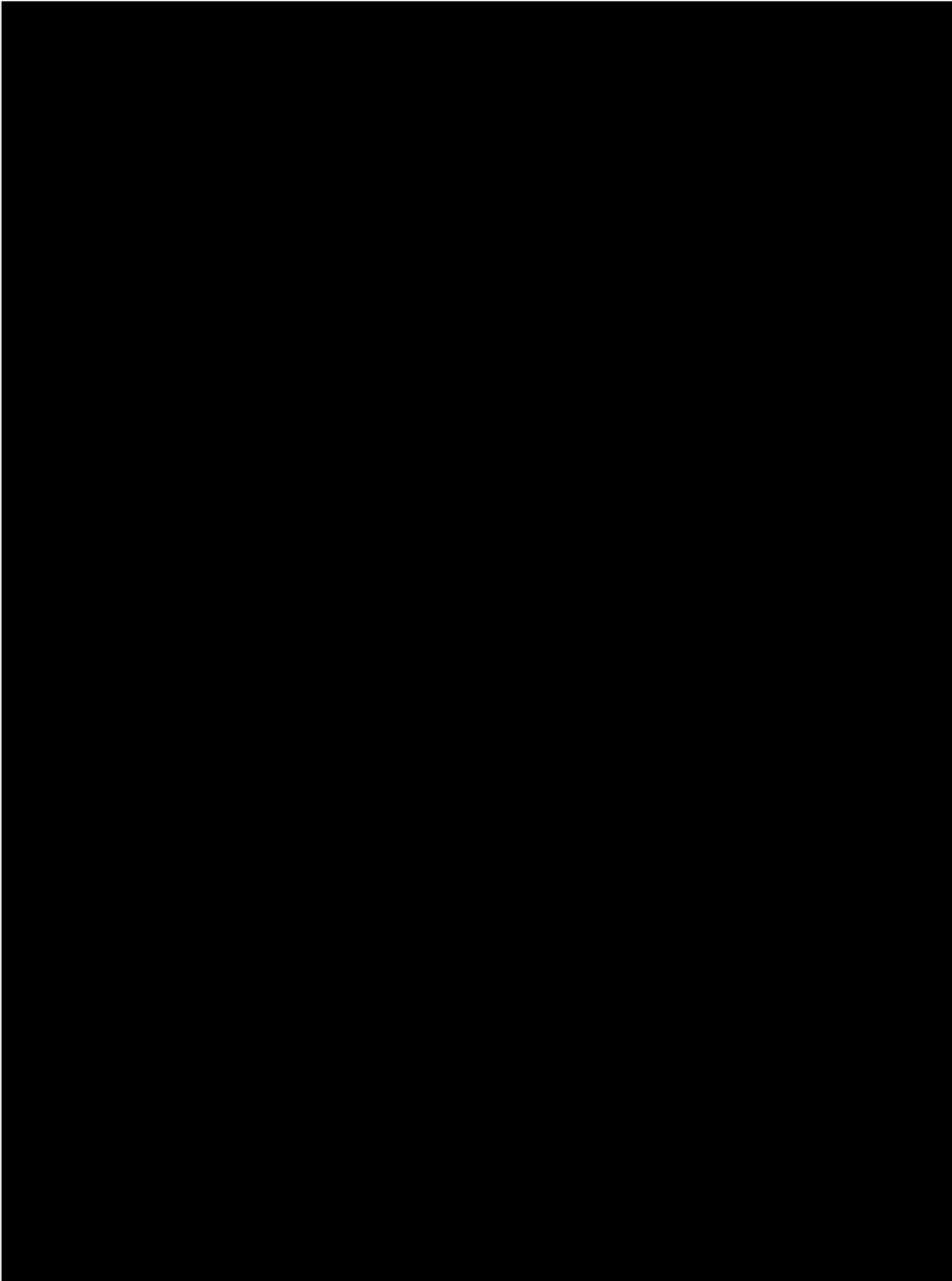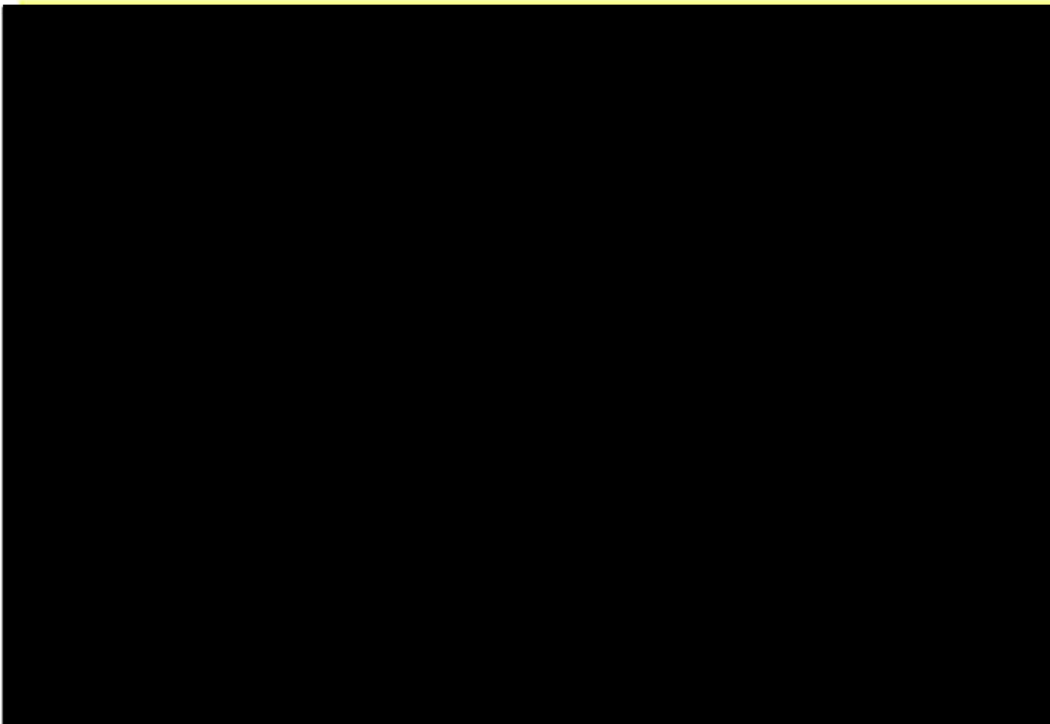
## H2 2020 Lookahead

H2 Goal: As we look to H2 2020, it's important that we continue to onboard receivers in key markets but with increased efficiency and quality. In parallel, we should drive adoption and utility of XRP through existing and new methods of providing liquidity. Collectively, this will yield an attractive and efficient network for cross-border payments.

Proposed H2 OKRs
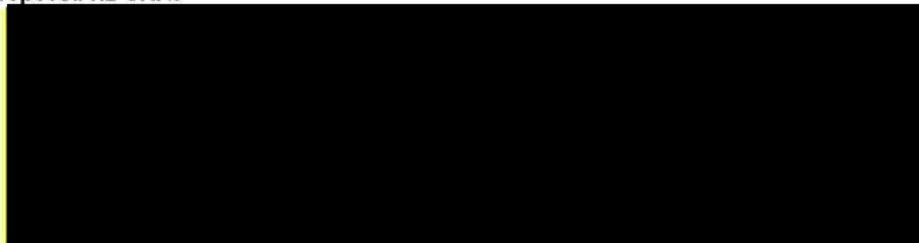
1. Reach / Coverage

Goal: Expand footprint in existing and sign clients in new key markets - determined by evaluating overall size of remittances, regulatory environment and opportunity to compete (i.e. speed to payout, cost) and aligned upon by cross-functional collaboration with PMM and BD.

Reach

2. Optimised Liquidity

Goal: One live XRPT receiver. Ship XRP Liquidation MVP, and test with a target XRPT receiver.

A. XRP Termination

XRP Termination is a bundle of features that allows SCPs and PPs to use XRP directly for transaction settlement and enable instant payments for senders. XRP Termination provides the following benefits to the receivers:

- Faster ODL markets expansion - easier and faster to open markets with less dependency on local infrastructure partners
- Capability to earn FX revenue
- Reliability - more fault-tolerant settlement as receiving exchange is removed from critical path of beneficiary payout
- Flexibility - receivers can use received XRP to originate payments or liquidate into local fiat or preferred currency

XRP Termination includes 4 product components:

- (1) XRP Wallet - enables receivers to receive and manage XRP directly
- (2) Pricing - capability to set FX rate
- (3) XRP liquidation - product solution for receivers to liquidate XRP
- (4) XRP escrow - Enables atomic and instantaneous settlement with no counterparty risk

As XRPT wallet functionality overlaps with wallet capabilities enabled for XRP Originators, and RippleNet already provides capability for receivers to set FX rate, the efforts of the receiving team will be directed to enable liquidation product experience.
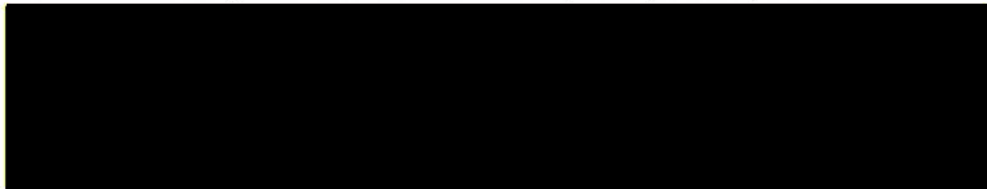
B. XRP Liquidation

The goal of XRP Liquidation feature is to provide the receivers with fast, flexible, and cost-efficient execution service to sell (liquidate) XRP via Prisma connected exchanges and market makers. Prisma will optimize liquidation experience for the receivers by ensuring the best execution price available on all liquidity venues, and provide options for receivers to minimize exposure to XRP volatility.

3. Product Performance (track against 99% straight through processing)

Goal: Measurement of stp rates through richer insights, improved documentation and training and ruthless stanardaistion. Aiming to establish a data driven high context decision making 'test and learn' environment for product improvement / troubleshooting. This will be supported by high quality documentation and training to ensure no leakage of market and product knowledge. Q4 Goal: Implement insights and learning from Q3 into product definition, software and receivers SLA's.

A. **Receiver performance dashboard** - deep metrics defined, agreed, metric targets with actionable outcomes. Forensic analysis on payment journey, establishing and measuring against Receiver performance targets. Including a universal Ripple wide, exec level Payment Failure measurement applicable to RNC and On Prem.

B. **End to end solution for reconciliation, payment tracking and troubleshooting**, cw with SNMP type nodes to assist RippleNet payment layer monitoring including tools, alerts etc and training for receivers and Ripple based internal exception management solutions.

C. **High quality and up to date documentation** with feedback cycle across Rulebook, Onboarding Guides and other technical and business documentation. The receiver team will be 'editor-in-charge' for all items relating to receivers.

D. **Error Code improvements and standardisation** will help improve straight-through processing rate and reduce costs of transaction, therefore given that the SCP / PP mandates use of standard errors codes and that receivers set the tone of the network refinement is being done to the prescribed Rulebook error codes with a view to improving standardisation, coverage, fidelity and clarity. Also supporting the RPO 'Gold' standardisation work. This will be undertaken in association with core product and senders.

4. Reduce Scaling Friction

Goal: Improving time and quality of connection, removing burden on receivers through better automation and simulation of testing and connections.

A. **Ensuring that the Test Harness is the flow of all SCP / PP receivers** allowing for both Quality Testing and also new sender connection testing, reducing time to connect and effort to test. In addition to the quality test assets which includes the i) test library, ii) test data template, iii) test harness and iv) test report there will be collateral to support the use of the test harness, also important for receivers to internalise the use of the test

harness into their testing framework will be communication / collateral positioning the test harness testing managers and CTOs as to the business benefits.